

Kennecott Utah Copper
4700 Daybreak Parkway
South Jordan, Utah 84095
801-569-7128 (o)
801-569-7192 (f)

Kelly L. Payne, P.G.
Manager - Environment

29 November 2011

VIA US MAIL AND EMAIL

Mr. Paul Baker
Division of Oil, Gas & Mining
Utah Department of Natural Resources
P.O. Box 145801
Salt Lake City, Utah 84114-5801

Subject: M/045/004, Notice of Surety Escalation, Request for Modification

Dear Mr. Baker:

Division of Oil, Gas & Mining
Utah Department of Natural Resources
P.O. Box 145801
Salt Lake City, Utah 84114 - 5801

Kennecott Utah Copper LLC (KUC) is in receipt of your letter dated October 5, 2011. KUC understands and agrees that a surety adjustment is in order and concurs that the escalated surety is required by December 20, 2011. KUC does not believe it is possible to satisfy the Division's request for a complete surety re-calculation, formatting, and adjustment by December 5, 2011.

Therefore, KUC requests the following consideration for this escalation:

- KUC will escalate and provide to the Division by December 5, 2011, the existing M/045/0004 value of \$US 124,000 (currently a Letter of Credit Wells Fargo Bank, NAUSA #322020000152-S) from 2011 through 2016 at the UDOGM-provided escalation factor of 1.017% per year for five years (W. Western 2011.11.14)
- The form of the surety may be changed to a surety bond with an approved entity per discussions with Ms. P. Berry 2011
- KUC agrees to complete a re-calculation of surety and formatting on Division forms in 2012 with a re-adjustment of the applicable surety as appropriate

Please contact me or Glenn Eurick (801.204.2113) should you have any questions concerning this request.

Regards,



Kelly L. Payne, P.G.
Manager - Environment

cc: Ms. Leslie Heppler, UDOGM, by email

M/045/0004
cc: Leslie
Task: 4422

RECEIVED

NOV 29 2011

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